

AUTHORIZING ADJUSTMENT, IN THE PUBLIC INTEREST, OF  
RENTALS UNDER LEASES ENTERED INTO FOR THE PROVISION  
OF COMMERCIAL RECREATIONAL FACILITIES AT THE CLARK  
HILL RESERVOIR, S. C. AND GA.

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JUNE 18, 1956.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

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Mr. DAVIS of Tennessee, from the Committee on Public Works,  
submitted the following

REPORT

[To accompany S. 3214]

The Committee on Public Works, to whom was referred the bill (S. 3214) authorizing adjustment, in the public interest, of rentals under leases entered into for the provision of commercial recreational facilities at the Clark Hill Reservoir, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of the bill is to authorize the Chief of Engineers, under the supervision of the Secretary of the Army, to amend any lease for the construction, maintenance, and operation of commercial recreational facilities at the Clark Hill Reservoir, entered into prior to the date of enactment of this act under section 4 of the act of December 22, 1944, as amended (16 U. S. C. 460d), so as to provide for adjustment of rentals from time to time during the term of such leases when and as he determines such adjustment to be necessary or advisable in the public interest.

Clark Hill Reservoir is on the Savannah River, Ga. and S. C., about 22 miles upstream from Augusta, Ga.

GENERAL STATEMENT

The Chief of Engineers, under the supervision of the Secretary of the Army, is authorized by the Flood Control Act of 1944 (58 Stat. 889), as amended, to construct, maintain, and operate public park and

recreational facilities in reservoir areas and to permit the construction, maintenance, and operation of such facilities. The act also authorizes the Secretary of the Army to grant leases of lands, including structures or facilities thereon, in reservoir areas for such periods, and upon such terms and for such purposes as he may deem reasonable in the public interest.

This authority to lease has proved to be an effective means of providing for the construction, maintenance, and operation of public park and recreational facilities by others without the expenditure of Federal funds therefor in most Department of the Army reservoir areas. In advertising sites available for lease for recreational development and use, the Department of the Army has stated a fixed annual rental which it expects to receive and has invited competitive bidding among prospective lessees on the basis of the percentage of the annual gross receipts to be paid in addition to the annual rental. Widespread interest and highly competitive bidding for desirable sites is the normal result of this procedure. However, it has, in some instances, resulted in the acceptance by the Government of an offer to pay a percentage of the annual gross receipts which subsequent events have proved to be an economically unsound commitment on the part of the lessee.

Recognizing that the commitment to pay to the Government a higher return than was economically justified has, in some instances, forced lessees to curtail development plans and to lower the standard of site maintenance and service rendered to the public which was originally envisioned in the development of recreational plans for these areas. The Department of the Army has recently modified the above-mentioned procedure. The modified procedure contemplates the payment of a fixed annual rental and a fixed percentage of gross receipts by a lessee, with the selection of the successful bidder being made on the basis of (1) his promise to build the required recreational facilities, and (2) his ability to provide, operate, and maintain these facilities, and such additional facilities as the development of the recreational potential of the reservoir would warrant. In furtherance of the objectives sought through this modified procedure, the Department of the Army proposes to make provision in such leases hereafter for periodic examination of the gross receipts from the operation of these commercial facilities and the renegotiation of the leases when deemed necessary in the public interest.

The Secretary of the Army advised the committee that there are four principal leases for the development, maintenance, and operation of commercial sites and facilities at Clark Hill Reservoir which were entered into during 1952 and 1953. These leases do not contain provision for the renegotiation of the monetary return to the United States. Therefore, the amount of the monetary return to the United States under the leases cannot be reduced (34 Dec. Comp. Gen. 207). If the payment to the United States under these leases is to be avoided, the lessee must terminate his lease in accordance with its terms. Such action may result in a substantial loss to the lessee.

The committee is informed that many factors, such as management ability, weather, time required for establishment of a business, public relations, etc., contribute materially to the success or failure of these commercial leases. The extremely low pool level of the Clark Hill Reservoir during the past 2 years has affected the recreational development and use of these commercial sites. However, in view of the

relatively short period of time that these leases have been in effect, it is difficult to determine at this time whether the payments to the United States required by these leases are reasonable.

S. 3214 permits adjustments in the leases if it is determined to be necessary or advisable in the public interest.

Companion bills, H. R. 9254 and H. R. 9262, were sponsored in the House by Representatives Brown of Georgia and Dorn of South Carolina, respectively.

Representatives of the Department of the Army testified in favor of the legislation and the committee has received a report from the Secretary of the Army indicating he has no objection to its enactment.

The committee, therefore, recommends approval of S. 3214.



